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FARM PAPER LETTER

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CROP PRODUCTION EXPECTED TO SHOW INCREASE

Most major field crops are expected to show production gains this year, according to USDA's Economic Research Service. U.S. wheat is forecast up 4 percent, corn 84 percent, soybeans 30 percent and cotton 62 percent from last year.

Commercial beef production during the second half of 1984 will probably decline about 4 percent from the large year-earlier total, mainly because of a drop in nonfed slaughter. As beef production declines, prices should strengthen. Stronger prices for fed cattle and this fall's lower feed prices should encourage higher feeder cattle prices.

Hog prices in July and August averaged \$53 per hundredweight. Seasonal price increases have been dampened somewhat by burdensome cold storage stocks, larger-than-expected nonfed beef production, and sharply higher imports of pork and live hogs. However, returns to farrow-to-finish producers were above the breakeven point for the first time in over a year.

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FARM INCOME REMAINS UNCHANGED

The outlook for 1984 farm income remains largely unchanged from second-quarter forecasts. Net cash income is still forecast between \$34 and \$38 billion, down from 1983's record \$40.1 billion. The decline will be due to cash expenses rising faster than cash receipts. Net farm income is expected to range from \$29 to \$33 billion, up sharply from 1983's drought-reduced total of \$16.1 billion.

Sufficient trucks, railcars, and barges should be available during harvest. From now until the end of the year, the volume of grain shipped by barge and rail can be increased by at least 15 million bushels a week from pre-harvest levels. (Agricultural Outlook Summary)

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AGRICULTURAL PRICE INDEX

The August All Farm Products Index of Prices Received by Farmers was unchanged from July at 144 percent of its January-December 1977 average, according to USDA's Crop Reporting Board. The index was 5 points (3.6 percent) above a year ago. Higher prices for oranges, lettuce, tomatoes, milk and tobacco were offset by lower prices for cattle, corn, soybeans, broilers and hogs.

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The Index of Prices Paid by Farmers for Commodities and Services, Interest, Taxes, and Farm Wage Rates for August was 165 percent of its 1977 base. This was unchanged from July but 4 points (2.5 percent) above a year earlier. Index increases from July to August this year for family living items and feeder livestock were offset by decreases for feed and fuel. (Agricultural Prices)

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**RURAL DEVELOPMENT
POLICY BOARD NAMED** Secretary of Agriculture John R. Block has established a policy board of key USDA officials to advise him on the operation of the resource conservation and development program of the department. The program, administered by USDA since 1964, provides technical and financial assistance, including loans, for projects in rural communities to conserve and improve the use of land, develop natural resources and enhance social, economic and environmental conditions.

There are 194 local volunteer councils that govern the program throughout the nation. These councils cover 1,355 counties in every state except Alaska, as well as in Puerto Rico and the Virgin Islands.

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**WILDERNESS ACT
20TH ANNIVERSARY** Monday, Sept. 3, marked the 20th anniversary of the Wilderness Act, which established the National Wilderness Preservation System.

The Wilderness Act, Secretary of Agriculture John R. Block said, was the first legislation in history enacted specifically to protect wilderness as a resource for an entire nation.

"Americans are fortunate to have a legacy of our nation's natural heritage," Block said. "It's one that can be enjoyed and used today, and then passed on to future generations."

The initial National Wilderness Preservation System consisted of 54 wildernesses totaling 9.1 million acres.

The National Wilderness Preservation System consists of 82.2 million acres of Congressionally-designated wilderness, including in addition to national forest land other lands administered by the Department of the Interior's National Park Service, U.S. Fish and Wildlife Service, and the Bureau of Land Management.

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**USDA SAYS
DON'T MAIL MANGOS
FROM HAWAII** A U.S. Postal Service advertisement appearing in the July Reader's Digest could mislead the public into illegally mailing mangos from Hawaii to the U.S. Mainland, Assistant Secretary of Agriculture C.W. McMillan said.

The Postal service ad, headed "How to Pick a Package Deal," is illustrated with a postcard displaying the message, "Hawaii great! Did you get the 200 mangos?"

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"You can't bring or mail mangos or many other types of fruit from Hawaii because they may contain destructive agricultural pests," said McMillan. "We're concerned that the impression created in this advertisement could result in costly infestations of fruit flies or other harmful agricultural pests."

"Eradicating the Mediterranean fruit fly from California in the early 1980's cost American taxpayers more than \$100 million," McMillan said. "We believed this outbreak originated from infested fruit brought in or mailed from Hawaii." (USDA 937-84)

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MORE SMALL FARMS, BUT FEWER FARMS OVERALL--The number of small farms and the value of all agricultural product sales increased between the 1978 and 1982 agriculture censuses, preliminary data from the U.S. Commerce Department's Census Bureau shows.

Farms of less than 50 acres increased 17 percent to 637,000, according to the 1982 census, conducted in 1983. Their growth helped to keep the total farm loss under 1 percent, one of the smallest declines in recent decades. The new count is 2,241,000 compared with 2,257,000 in 1978.

At the other end of the scale, the number of farms with 2,000 acres or more rose by 1,224 between censuses to a total of 64,525.

The market value of agricultural products sold amounted to \$131.8 billion compared with \$107.1 billion in 1978, up 23 percent.

Average sales per farm grew to \$58,815 from \$47,424. Farms with sales of \$100,000 or more gained by 80,723 for a total of 302,964. The dollar figures have not been adjusted for inflation during the period. The consumer Price Index (CPI), based on the costs of food and beverages, was up 35 percent for food for the same period.

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DAIRY PRODUCTS--Butter production was 72.8 million pounds (33.0 thousand metric tons), 20 percent below July 1983, and 9 percent below June 1984, according to USDA's Statistical Reporting Service.

American type cheese production totaled 230 million pounds (104 thousand metric tons), 12 percent below July 1983 and 11 percent below June 1984.

Total cheese output (excluding cottage cheese) during July was 388 million pounds (176 thousand metric tons), 4 percent below July 1983 and 8 percent below June 1984.

Creamed cottage cheese production was 63.8 million pounds (29.0 thousand metric tons), the same as July 1983 but 1 percent less than June 1984.

Lowfat cottage cheese production was 19.4 million pounds (8,810 metric tons), 8 percent above July 1983 but 6 percent below June 1984.

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Canned evaporated and condensed whole milk production, at 54.1 million pounds (24.6 thousand metric tons), was down 7 percent from July 1983 and was 2 percent below June 1984. (Dairy Products, 9-84)

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THE WORLD COTTON production forecast for 1984/85 rose by 2.2 million bales, to a record 76.1 million as the crop outlook for the United States and China improved dramatically. Since world use prospects are essentially unchanged, world carryout stocks for 1984/85 are now forecast at 29.8 million bales, the highest level in a decade, with China expected to hold approximately one-third of the total. During the month, world prices continued their decline in the face of excellent crop prospects and ample export supplies. (World Cotton Situation)

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WORLD TOBACCO stocks on January 1, 1984, were 3 percent below the record level held on January 1, 1983. The estimated 6.9 million tons on hand at the beginning of 1984 was 184,000 below the level held a year earlier, but 348,000 tons above January 1, 1982. The 1984 carryin level is equivalent to 15 months' use at the 1983 rate of consumption.

U.S. unmanufactured tobacco imports for consumption during June 1984 were 10,613 tons valued at \$30.5 million, a drop of 34 percent from June 1983. Cumulative imports for January-June 1984 were down 6 percent from a year ago. U.S. unmanufactured tobacco exports during June 1984 were 13,482 tons valued at \$83.1 million, down 10 percent from a year earlier. Cumulative exports for January-June 1984 were 2 percent below last year's level. (World Tobacco Situation)

Rufus Wells
for

Clay Napier
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